



State Board of Equalization

# News Release

**Vice Chair Michelle Steel**

**3<sup>rd</sup> District – Rolling Hills Estates**

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## **California's Taxable Sales Up First Quarter 2010** *More Recent Estimate for First Quarter of 2011 Shows 8.5% Increase*

Michelle Steel, Vice Chair of the California State Board of Equalization (BOE), today announced that an increase in California taxable sales ended a 10-quarter slide in the first quarter of 2010. California taxable sales totaled \$108.6 billion in the first quarter, up \$1.4 billion (or 1.3 percent) from the first quarter of 2009. The last quarter of positive growth in year-over-year taxable sales was the second quarter of 2007, when such sales rose 0.9 percent.

Additionally, more recent data indicate that a more pronounced recovery in taxable sales has occurred since then. Specifically, Board of Equalization staff has developed an estimate of statewide taxable sales for the first quarter of 2011, based on cash receipts. Taxable sales are estimated to have risen 8.5 percent in the first quarter of 2011 over the same period a year earlier, the best showing since the 3<sup>rd</sup> quarter of 2005 (when taxable sales rose 10.1 percent). The estimated level of statewide taxable sales for the first quarter of 2011 is \$117.8 billion.

The first quarter 2010 report shows regionally, the counties in the San Francisco Bay Area had the strongest growth, rising 2.6 percent (twice the statewide total), while those in Southern California rose 0.9 percent. Growth was generally weaker in the interior counties of the state; taxable sales in the San Joaquin Valley declined 0.5 percent (the only region to experience a decrease).

San Diego, the state's second largest city by population, posted an increase in taxable sales of 1.5 percent in the first quarter of 2010. Other large cities in the Third Equalization District showed varying results, taxable sales in the city of Riverside were up 3.8 percent, while Anaheim was down 4.7 percent and Santa Ana was down 2.1 percent.

Taxable sales increased in most of the counties in the Third Equalization District in the first quarter of 2010 on a year-over-year basis, including the following counties: Imperial County (up 0.9 percent), Los Angeles County (up 0.4 percent), Riverside County (up 2.0 percent), San Bernardino County (up 0.9 percent), and San Diego County (up 2.4 percent).

The Board of Equalization has now completed its process of converting business codes of sales and use tax permit holders to North American Industry Classification System (NAICS) codes, and the first quarter of 2010 is the first time that year-over-year percentage changes are available by industry.

Gasoline station sales in the first quarter of 2010 increased over 30 percent, the largest gain of any major category. Taxable sales made by gasoline stations were \$10.3 billion. The average price of gasoline at the pump increased 40 percent during the first quarter of 2010, which lifted total taxable sales made by service stations. Gallons of gasoline purchased in the first quarter of 2010 actually decreased slightly, dropping 1.0 percent from the first quarter of 2009.

Clothing and clothing accessory stores had the next largest increase, 7.9 percent, followed by general merchandise stores (which rose 4.5 percent) in the first quarter of 2010. Taxable sales at general merchandise stores represent the largest nondurable retail category, and totaled \$10.2 billion in the first quarter of 2010.

First quarter 2010 taxable sales by motor vehicle and parts dealers were essentially flat, rising 0.7 percent. Within this category, taxable sales of used car dealers rose 10.4 percent, while those of new car dealers were much more muted, rising only 0.4 percent.

Taxable sales made by building materials dealers and gardeners slipped 0.1 percent in the first quarter of 2010, while those of furniture and home furnishing stores declined by 0.5 percent. Electronics and appliance stores saw taxable sales in the first quarter of 2010 decline by 5.5 percent.

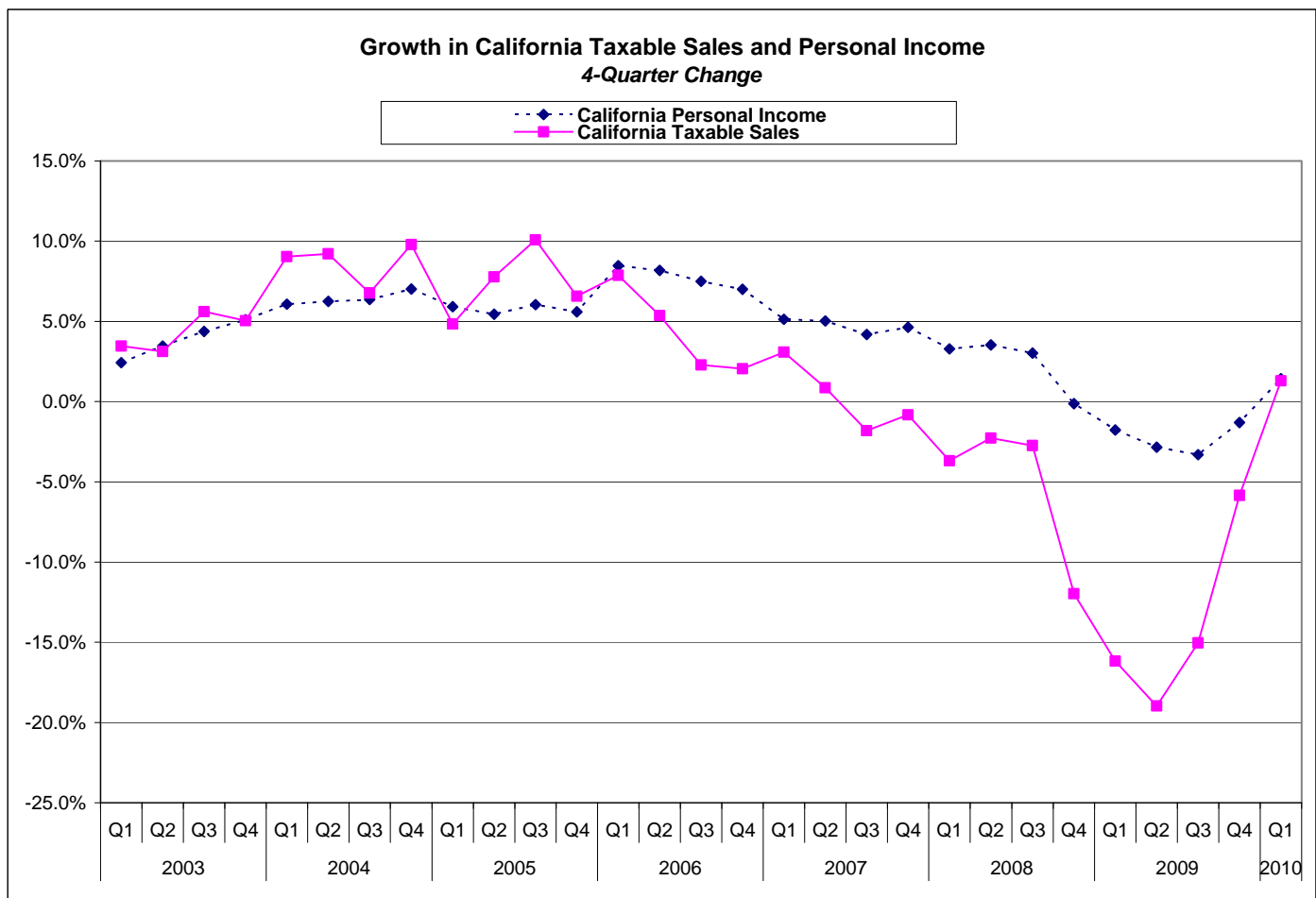
Sales from “all other outlets” (comprised primarily of manufacturing and wholesale businesses) in the first quarter of 2010 were down 4.8 percent, to \$33.6 billion.

Taxable Sales in California is a quarterly report on retail sales activity in California, as measured by transactions subject to sales and use tax. It includes data about statewide taxable sales by type of business, as well as data about taxable sales in all California cities and counties.

To view all taxable sales in California, visit [www.boe.ca.gov/news/tsalescont.htm](http://www.boe.ca.gov/news/tsalescont.htm).

To view the first quarter of 2010 taxable sales in California, visit [www.boe.ca.gov/news/tsalescont10.htm](http://www.boe.ca.gov/news/tsalescont10.htm).

***Editor’s Note: The chart below compares Growth in California Taxable Sales and Personal Income.***



Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

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